

The MANAGEMENT REVIEW



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The MANAGEMENT REVIEW

APRIL, 1937

The Paradoxical Labor Market

SEARCHING for men to fill skilled positions is taking up the time of big shops and little shops everywhere, while selecting employees from long lists of applicants is the lot of the office manager.

The skilled labor shortage has sharpened the pencil points of many a writer, and is turning out skilled speakers at breakneck pace. It is our opinion that the amount of literature on the subject should even bring forth a skilled metal worker or two. For a general summary of the situation, see *Is There a Skilled Labor Shortage?* on page 129; another article on the subject, *Can the Skilled-Labor Shortage Be Relieved?* (see page 127) answers its own question by supplying fifteen practical methods of relieving it.

ON the selection of office workers, Mr. E. D. Bartlett of the Atlantic Refining Company has some interesting ideas (see p. 122). He throws some doubt on the more or less common practice of consulting friends or other employees when there is a position to be filled—since hard feeling may result if the suggested applicant does not measure up to the job.

If you have any employees in your organization whom you consider to be bargains, Mr. Bartlett has a message for you—when a "bargain" employee is obtained, he says, and given a salary that is less than the job warrants, he can be expected to remain a bargain just as long as no better opening is offered to him.

IF it is specifically a typist you are looking for, thoughts from abroad will interest you. In an English investigation, described on p. 121 (*Alternative Capacities for Typewriting*), a comparison was made between the qualities of a typist who tends to introduce rhythm into her typing and those of one who works in a definitely non-rhythmic way and it was found that alternative capacities might be used to reach the same final degrees of skill.

For one class of learner, intelligence is rather important, whereas for another type, manipulative ability is a more outstanding quality. Each of the two groups of learners may be equally successful.

THE philosophy which the C. I. O. has, and the philosophy it has not are roundly considered in two current articles abstracted on pages 125 and 126. The first one—*Economic Consequences of Lewis*—sets forth a very positive economic philosophy: New labor leaders claim a vested interest for the worker in the company that employs him, and on this claim demand the right to share with management in determination of policies affecting labor.

On the other hand, Louis Adamic, who writes the other article, *John L. Lewis' Push to Power*, wants to know what the human philosophy of the C. I. O. is. He describes Mr. Lewis shrugging his massive shoulders when queried about essential human happiness and the individual's creative functioning within an industrial organization.

The object of the publications of the American Management Association is to place before the members ideas which it is hoped may prove interesting and informative, but the Association does not stand sponsor for views expressed by authors in articles issued in or as its publications.

Current Comment

SOME EFFECTS OF GOLD ON BUSINESS

IT IS very important for us, I think, to take stock of the altered gold situation which the great crisis and the great depression have produced, and to see what possibilities the future holds in the light of these changes. I call attention to two tremendously significant facts:

First, as a result of the devaluations that have taken place, we have arbitrarily marked up the number of gold dollars in the country by 69 per cent. An ounce of gold used to create \$20.67. It now creates \$35. By our devaluation, we put into the hands of the Treasury over 2 billion, 800 millions of gold dollars which had not existed before the change in the law. Moreover, this has meant that every ounce of new gold coming into the country since devaluation has created \$35 of new reserve money, instead of \$20.67.

In the second place, I call attention to the enormous increase in the world's annual output of gold as measured in the new units. There was an increase of nearly 50 per cent in the annual production of gold measured in ounces between 1930 and 1935. When, to the increase in ounces produced, there is added the effect of devaluation, the results are very startling indeed. The world's gold production in old gold dollars in 1930 was \$432,000,000, while in 1935 world production measured in new gold dollars was \$1,050,000,000.

There are very ominous possibilities in the situation. It is difficult for the student of economic history to escape the conclusion that sooner or later the present relation between gold dollars of the new par and commodities in general must be radically altered and that a great rise in commodity prices must come.

I do not believe that there is any mathematical rule that can be successfully invoked in making a forecast. But certainly it is important that this situation should be analyzed and discussed and that we should not go blindly and lightheartedly forward on the assumption that the crisis is over and that no problem remains. Our monetary policy during the crisis may well have created future problems graver than those of the crisis itself. In ways impossible to forecast with any exactness, the great debasement of the dollar and of other currencies,

with the resultant immense increase both in the existing number of gold monetary units and in the number annually added by current production, must work out its result in the form of higher prices for commodities, for real estate and for other equities.

The problem that we face is the problem of making this process an orderly one, spreading it out over as many years as possible, avoiding violent booms followed by violent setbacks as the process goes on and preventing a growth in debt paralleling or even exceeding the rises in prices. How are we to accomplish this, and, indeed, can we accomplish it?

We can prevent an excessive growth of debt if we hold down the expansion of credit on the basis of the great excess of reserve money which has been created by the devaluation process. Our Federal Reserve authorities have increased the reserve requirements of the member banks with a view to reducing the excess reserves, and, in my judgment, this is a sound move. The Federal Reserve System, by appropriate open market and rediscount policy, can control excess reserves still further, to whatever extent is necessary.

But we shall have to get rid of the theory that it is necessary to have excessively low interest rates if we are going to have any adequate control over the expansion of credit. Exceedingly low interest rates and a firm control of excess reserves are absolutely incompatible. Exceedingly low interest rates are a constant inducement to expand credit and every expansion of credit is an expansion of debt. We must be willing to submit ourselves again to the discipline of firm money markets in periods of active demand for money and to the discipline of reserve shortages for banks that overexpand. And periods of active business and good profits should be periods in which debts are paid off and during which stock issues are substituted for maturing bond issues rather than periods in which debt is increased lightheartedly under the lure of cheap and easy credit.

The great danger is, of course, that, having shaken our old standards and having weakened our sense of moral obligation in connection with the maintenance of the fixed par of our currency, and having set a precedent of currency debasement in a great crisis, we shall face tremendous political pressure in the next time of business reaction to do it again. There is an immense task to be performed in reeducating the American public in financial fundamentals, if we are to hold any kind of control or any kind of discipline in the next period of reaction.

BENJAMIN M. ANDERSON, Jr., Economist
The Chase National Bank.

THE MANAGEMENT INDEX*

Abstracts and News Items

GENERAL MANAGEMENT

Industrial Research at Worcester Polytechnic Institute

The present objective of the Worcester Polytechnic Institute, which has served Massachusetts industry as a supplementary engineering unit and experiment station for many years, is to emphasize problems of longer range, laid out and planned during the spring months, to be executed during the summer.

During summer months the equipment is nearly idle and many members of the staff could devote a month, perhaps more, to engineering investigations of an industrial nature. If the projects are of reasonably long range and arranged for somewhat in advance, it will not be difficult to line up the necessary engineering talent during the summer. If proper arrangements are made reasonably in advance, engineering teachers can be engaged at monthly rates approximating their regular teaching salaries.

Work can be carried on at the Institute or at the plant, or both. If special equipment is required, that must be provided by the sponsor. Best results are usually obtained when one or more technical men of the plant keep in

close touch with the Institute investigator, who, however well versed he may be in his engineering specialty and the technique of experimentation, will frequently be far inferior to the plant operatives in respect to specific knowledge of plant products and processes.

Types of industrial engineering problems encountered extend over a wide field, but they generally can be grouped under two main headings: (1) investigation and trouble-shooting types, (2) design and development types. By Ralph Earle, President, Worcester Polytechnic Institute. *Industry*, March, 1937, p. 12:3.

A Philosophy for Business

At the present time the national psychology of business seems to be that the working man is best advanced by socking the man for whom he works.

It is up to business to prove its case, not by complaint, but by accomplishment, to do the best it can to keep more men steadily employed, to pay the best wages it can in a competitive market, to be fair in its practices, honest in its dealings and decently tolerant of the people's opinions—relying upon the fact

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that the great majority of the American people, in the long run, are a rather sensible lot.

The time has passed when a man can remain in business purely for the purpose of making money for himself at the expense of everybody else. No business, of course, is justified in continuing without a profit, and successful business men have found that keeping wages too low or prices too high does not make for profits. From now on, it is best for business to follow the philosophy that profits are made by industries which succeed in advancing the standard of living of the American people. By T. M. Girdler. *The Cleveland*, March, 1937, p. 5:2.

Today's Most Important Demand on Business Leadership

Proficiency in business leadership today calls for the development of ability to influence public opinion. The public's misunderstanding of individual business and the enterprise order itself must be cleared up; misrepresentation must be opposed.

The isolation of the business executive should be broken down; he must discover what others think of his company, and make the company's objectives and policies clear within and without the organization. This involves more than knowing what happens in the office; in the final analysis it requires a real grasp of the essential nature of the enterprise order.

In the coming period of good business, management must guard against becoming lax in its dealings with labor, customers, and the general public. "De-

velopment of a public relations proficiency is a prerequisite to the continued life of a single enterprise as well as to the life of our private enterprise system." By Alvin E. Dodd, President, American Management Association. *Dun's Review*, March, 1937, p. 5:3.

Why Business Is DECENTRALIZING

Instead of trying to make everything in one vast plant, industry has tended more and more toward manufacturing on a smaller scale in different areas where various conditions are more favorable to certain operations.

This growing trend of decentralization has been influenced to some extent by floods, fires, and strikes. Where these three factors have made it necessary for plants to be shut down, production wasn't necessarily brought to a stop if the establishment had other factories.

Some manufacturers have decentralized because branch plants afforded nearness to markets and raw materials. Other concerns were encouraged to distribute production facilities because of changing conditions in congested centers, scarcity of labor, transportation and housing difficulties, labor unrest, high taxes, transportation problems, or competitive conditions. By Eugene Whitmore. *American Business*, March, 1937, p. 13:4.

Management Techniques

This is a report of the less formal papers and discussions presented at the 1936 A. S. M. E. Annual Meeting. Some of the subjects covered are time

and motion study, distribution, management-plant layout, dealing with workers today, organization and management of maintenance. *Mechanical Engineering*, April, 1937, p. 247:4.

Salaries of Executives

An analysis of salaries paid in past years to the chief officers of over 400 corporations revealed the great variability of salaries that exists among even the most similar companies in size and character of work.

Certain other facts were brought out: 1. Public utility salaries are very low. Top salaries and second salaries are only about three-fifths those of the general run of companies of equal magnitude. 2. Moving picture salaries are very high. The salaries of three moving picture companies are about three times those of other companies of equal magnitude. 3. Chemical and drug in-

dustries pay about one-fifth more than the general run of business (exclusive of railroads and public utilities). By Edward L. Thorndike and Burnham P. Beckwith. *Personnel Journal*, March, 1937, p. 312:9.

Measuring the Effect of Executive Acts

The effect of executive acts on production can be predicted only when the variables surrounding the work are brought under control. Two cases show the relation of such acts and results, the one for a short, the other for a longer, cycle of operation. The motion-time analysis methods for determining base time, production rates and earnings, and means for intensive operator training are briefly presented. By A. B. Segur. *The Society for the Advancement of Management Journal*, January, 1937, p. 5:10.

FINANCIAL MANAGEMENT

What Shall We Do About Monopoly Prices?

Professor Douglas believes that monopoly conditions obtain to a much greater extent than a mere enumeration of the more famous trusts would indicate. Working through trade associations, gentlemen's agreements or some other form of collaboration, many apparently competitive industries succeed in establishing prices above the competitive level, inevitably leading to lower production, reduced employment, curtailed purchasing power, still lower production, etc. These practices were

largely, if not entirely, responsible for the late depression.

Mr. Douglas discusses five methods for correcting this situation:

1. Dr. Harold G. Moulton's suggestion of propaganda appealing to the self interest of those responsible for monopoly prices is dismissed because individual monopolies would profit only if *all* monopolies were dissolved at once, this being impossible.

2. Dr. Mordecai Ezekiel's famous plan Professor Douglas believes theoretically sound but impossible to administer.

3. The orthodox Sherman Anti-Trust Law method, Mr. Douglas points out, is what we have supposedly been doing the last several decades—with conspicuous failure.

4. Regulation of monopoly by commission is dismissed because in almost every instance where it has been tried, notably in the public utility field, the monopoly was soon found to be controlling the commission instead of vice versa.

5. The method of government ownership and operation of industry—the “yardstick” procedure—finds most favor with Professor Douglas. “Under such a balanced system, private capitalism and collectivism could compete with each other for the allegiance of mankind through rivalry in producing goods rather than by shooting or suppressing each other.” This, he believes, is the American Way. By Paul H. Douglas, Professor of Economics, University of Chicago. *The Society For The Advancement of Management Journal*, March, 1937, p. 44:7.

Prepare Your Business for Tomorrow

Every business man to whom the author has spoken in the last six months has the next depression in the back of his mind. He expects to take it as the Chinese take a periodic famine; as the colonists took periodic raids from frontier Indians.

Just as with the last depression, some managements will be well heeled for it; others will not. Those managements, whose sole guide is the maximum of immediate profits, will be in-

involved in top-heavy investments in real estate, buildings, machinery, etc.; in speculation in inventory; in extension of unsound credit to marginal customers; in excessive liabilities.

The really capable operating managements are composed of men, who, like Andrew Carnegie, are prepared to take advantage of a depression. They keep their balance sheets clean and healthy, their fixed assets in proportion to their tangible net worth, their inventories in proportion to net sales and net working capital, their receivables healthy, and their liabilities always within reasonable limits. By Roy A. Foulke. *Dun's Review*, April, 1937, p. 12:6.

Accurate Timekeeping Is Essential to Use of Standard Costs

About three years ago the management of the Nineteen Hundred Corporation was faced with the problem of disposing of a heavy loss in the factory which had been brought about by the fact that actual costs were so much higher than standards. Among other things, it was discovered that the labor portion of the costs was inaccurate due to the many time-keeping errors.

The plan that was followed in clearing up these errors is described. Starting qualifications for timekeepers, the number employed, where they were located, to whom they should report, and their duties and responsibilities are outlined.

The accurate timekeeping that resulted played no small part in the fact that although standard costs on many parts and assemblies are now much

lower than three years ago, the management at the end of each of these years has had a substantial surplus in the factory accounts to deal with instead of a loss. By Paul C. Taylor. *N. A. C. A. Bulletin*, January 1, 1937, p. 517:11.

Control of Overheads

This is an endeavor to describe a practical method of controlling overheads in any business. It is recommended that there be a division of all overhead expenditure into a series of functions or services, each of which would be in charge of some one person, thus permitting the fixing of responsibility.

INSURANCE

Insurance abstracts are contributed by P. D. Betterley, Insurance Consultant, Assistant Treasurer, Graton & Knight Company.

Reducing Insurance Rates

The reduction of insurance rates through accident prevention is the subject of an article by Charles H. For-saith, Superintendent, Jackson Mills, Nashua Manufacturing Company, which is written in a concise, practical manner. He says that we have to face the fact that we are going to have an accident cost, and that this cost is present in our goods, the same as the raw material, taxes, labor, insurance, etc. It further follows that the fewer our accidents, the lower the accident cost. There are two sides to accident prevention work from management's viewpoint; namely, the humane side and the economic side. The management must

The cost of the production of each of the various functions is thus obtained and the quantity and quality of such production permits of objective measurement. Responsibility for obtaining satisfactory results can be localized, hence control can be effective.

Measures of performance for each of the functions are needed. Once these have been established efficiency can be tested by a comparison of the known potential as against actual results. By careful planning of the work the cost of maintaining the accounts and statistics necessary to work these methods of control is not necessarily very great. *Management Research Groups*, October, 1936. 35 pages.

exact from its organization the same degree of attention toward accident prevention as is required in regard to quantity and quality of its product.

A safe practice pamphlet for cotton textiles referred to in the article has been turned over to the National Safety Council. *The Insurance Post*, January, 1937, p. 8:2.

Must Face Fundamental Question

Accident prevention service is the real answer to the question of why the employer should buy compensation insurance. Accident prevention is a big factor in compensation insurance. This is strikingly brought out in the retrospective rating plan, which

is said to prove that accidents can be brought under control. The tendency has been for the insurance carriers to get the bad risks and lose the good ones. Will retrospective rating reclaim risks that have gone to the self-insurance plan?

Agents and companies can sell prevention service and ought not to neglect it. Employers are willing to pay for service, but it is necessary to convince them that the value of the service equals approximately what is charged for it. *The Casualty Insuror*, December, 1936, p. 3:3.

Editor's note: This article is especially interesting when read in conjunction with the one written by the editor of the *Casualty Insuror* and the experience of the Jackson Mills, also referred to in this issue. Many employers have already proven that their interest in accident prevention solves the problem of compensation insurance and the cost of accidents.

Law of the Sea—Carriers' Responsibility

Originally, an ocean carrier was liable for losses except those arising from major perils, but practically every maritime country now has laws modifying this broad principle. The most striking difference between laws governing carriers by land and by sea is that the latter can in most instances escape the consequences of negligence of their servants and can limit their liability to a small fraction of the actual loss. Carriers in some cases are permitted to insert provisions in their bills of lading by which their liability is lim-

ited, and most bills of lading contain stringent Notice of Loss and Suit Clauses.

The 1936 Carriage of Goods by Sea Act provides a somewhat more liberal contract of carriage, but considerable value may still be unprotected. *Weekly Underwriter*, January 30, 1937, p. 278:1; *Eastern Underwriter*, January 22, 1937, p. 35:1.

Editor's note: We have repeatedly found that many shippers or insureds do not realize the full limitations of protection when making shipments abroad and, in some instances, coastwise shipments are made under restricted bills of lading. It would be well for policyholders to check the terms of their marine insurance contracts and bills of lading. It is best not to accept too readily statements of insurance sellers that the policy already covers in full, for we have found a surprising lack of information along these lines, and a tendency of agents to evade a rather difficult problem. That many discrepancies and avoidance of insurance policy terms exist has been proven, justifying caution. Each specific case needs to be analyzed carefully.

Court Decision on Floating and Specific Insurance

The New York Supreme Court renders interesting decisions on two court actions where the question at issue was whether these policies were specific insurance within the terms of floating policies previously issued on the same property. Conditional sales contracts were entered into covering certain machinery, and in the contract was an

agreement to insure for the benefit of the seller. Floating policies were written covering the machinery while in transit and while on the premises of a vendee. The interests of both seller and buyer were covered, and the policies were of the reporting type.

A fire damaged the machinery and other property and proofs of loss were filed by the vendor under the floating policies.

It became necessary to decide what was meant by the term "specific insurance" referred to in the float policies. In doing this, the court said, among the many factors which may be taken into account, those most frequently considered are: Whether the subject matter of the insurance is covered while at one designated location or at many different locations; whether the policy covers a single piece or type of property or many articles or kinds of property. Where the type of property covered is the same in both policies, the fact of particularity of location is decisive. Where the location of the property covered is the same in both policies, and one policy covers one type of goods while the other policy covers different types of goods, the former policy is considered specific insurance.

Numerous interesting features and conclusions are found in the article. *The Eastern Underwriter*, March 5, 1937, p. 29:1.

Ideal Compulsory Automobile Insurance

The day is coming when compulsory insurance will be inevitable! Because the act is wrong in the State of Massa-

chusetts, does it necessarily follow that a plan cannot be devised which would be of benefit to all parties concerned? The author, among others, admits that the underlying idea is good. It is the execution of the idea to which he objects.

In the first place, the State must function on the plan merely as a watchdog and not as an administrator. In order to facilitate matters, a time payment method can be set up which should be voluntary to the assured. The underwriting of all risks whether good or bad is necessary, if the State is to keep out of the insurance business. To make good risks out of bad ones, it is suggested that a debit rating or additional charge be made on any insurance contract issued if the owner has been involved in an accident in which he was negligent or contributed to the negligence. It is suggested that everybody get to work and have a plan ready in detail before something impractical is forced upon us through legislative channels. *The Insurance Broker-Age*, January, 1937, p. 18:2.

Compensation Insurance Cost Accounting

Poor cost accounting is said to be the explanation of why the compensation insurance companies have lost their larger risks, which have gone to self-insurance. Insurance has devoted all of its cost studies to the loss element. An extremely large element in the cost has been neglected; namely, the cost of doing business.

Retrospective rating was the first big move that focused attention on the

breakdown of operating costs, but it did not solve the problem. It merely showed that they could be broken down. The advantage of scientific accounting on the expense side of the premium is that it would help to hold risks contemplating self-insurance and to recover those already lost.

It may be that some new form of insurance will have to come along with low expense to write the large risks. It is not impossible that some new insurance carrier, with no vested interests in the way of established business to sacrifice, may enter the field on an independent basis. *The Casualty Insurer*, December, 1936, p. 1:2.

Editor's note: The editor of the above publication has touched upon a very important feature in the placement of insurance, particularly as it pertains to casualty and liability lines. We do not overlook the fact that the underwriters have restrictive laws to contend with, nor are we attempting to show the insurers how they shall operate their business, but we hold to the opinion often expressed that underwriters appear to have overlooked one important principle, namely, that as the number of insurable units is multiplied, the ratio of loss decreases. There is much food for thought in the article above referred to.

OFFICE MANAGEMENT

Dictating Time Should Be Controlled!

The method which the RCA Manufacturing Company, Inc. adopted with the objective of better dictation volume from the correspondent has proved helpful and beneficial to the organization.

The plan includes a daily time report from each stenographer and transcriber, a four weeks' summary giving information concerning the volume of dictation of each correspondent, and the use of a standard based on the ratio of time required for transcription.

Each stenographer and transcriber turns in a daily report of her continuous duties. From this record, the ratio of transcription time to dictation time is figured. This ratio is used to meas-

ure the effort of the dictator, and if it becomes too low, the correspondent evidently is not using his time as effectively as he might. By R. W. Wythes. *The Office*, March, 1937, p. 12:3.

Alternative Capacities for Typewriting

The selection of a good typist presents a rather interesting problem. In a recent investigation, Mr. Harding compared the qualities of a typist who tends to introduce rhythm into her typing with those of one who works in a definitely non-rhythmic way and found that alternative capacities might be used to reach the same final degrees of skill.

For one class of learner intelligence is rather important, whereas for an-

other type manipulative ability is a more outstanding quality. Each of the two groups of learners may be equally successful. By Denys W. Harding. *The Human Factor*, March, 1937, p. 97:9.

Keep Every Machine's History

The purchasing office of a certain bank keeps a card record of the purchase and maintenance of every machine in use in the office. This system gives a complete account of the cost of keeping each office machine in proper working condition and automatically indicates when a machine should be replaced on the most economical basis.

All requests for repairs are directed to the purchasing officer, who consults the card before ordering any reconditioning. If it is found that the repair will be too costly or if the machine is too old, a desire for replacement may be indicated.

This method has reduced requests for inconsequential repairs and, by making replacements at the proper time, has eliminated excessive maintenance costs. By J. K. Novins. *Bankers Monthly*, April, 1937, p. 215:1.

Selection of Office Employees

The first step in hiring office employees, as outlined in this article, is to make a written description of the job to be filled, listing all the qualifications needed. The next problem is to find a source of supply. Appeals to friends and employees for suggestions often result in hard feeling, if the applicant suggested does not get the job; the author believes that for the large company the application file is the best

source of supply. Index tabs may be affixed to the top of the application in such a way as to give ready reference to individuals with the required experience. Small companies who do not have a large assortment of applications on hand can perhaps get assistance from the personnel files of larger companies.

The idea, sometimes entertained, that the applicant must sell himself to the employer overlooks the fact that office jobs call for acquired or inherent abilities often possessed by unassuming and reticent individuals. Several means of discovering these qualifications are available:

1. The application blank, which will quickly eliminate a certain percentage of the applicants, should not be so long as to unnecessarily annoy the prospective employee.
2. Tests can be broken down into different types—performance, acquired knowledge, aptitude, intelligence, character, etc. There are a limited number of rather simple and comparatively successful tests which can be used by small concerns. Information regarding these can be obtained from suggested sources.
3. The value of the personal interview can be enhanced by the use of a rating scale which will not take the prejudices of the interviewer into account.
4. References are worth very little, unless personal contacts are made either by telephone or visit with the previous employer. The latter method will present the opportunity to gauge the honesty and intelligence of the ex-employer.

Employment should be a fifty-fifty proposition. When a "bargain" employee is obtained and given a salary that is less than the job warrants, he can be expected to remain a bargain just as long as no better opening offers.

The details of employment should be carefully described several times, as it is hard to realize the confusion which a new employee feels. It is particularly desirable to clear up in advance all matters concerning the payment of salary, deductions for absences, vacations, etc.

As qualities, such as initiative, reliability, etc., become more important, the degree of success in estimating the applicant's desirability will usually decrease. Only by making use of available aids and by continually analyzing one's decisions in the light of actual performance can a real increase in efficiency of selection be anticipated. By E. D. Bartlett, Atlantic Refining Company. *N. O. M. A. Forum*, February, 1937, p. 14:3.

Modern Duplicating

Duplicating divides itself into three separate types of processes, each of which is best for a special range of duplication, although they all overlap somewhat. Roughly the classification is as follows: for 5 to 250 copies, the gelatine process; from 50 to 8,000, the stencil process; and from 5,000 to 25,000 or more, the moveable type and lithography processes.

The gelatine process is "a copying process by which any matter written or drawn in aniline ink may be transferred to many copies by use of a gelatine

composition which contains glycerine. The original when pressed face down on the gelatine surface leaves an impression in the gelatine and the paper pressed on the impression receives a copy of the original." With the proper selection of paper this process can be guaranteed against fading. It is now possible to get twice as much work out of a gelatine surface as formerly.

A close relative to the straight gelatine duplicator is the "Direct" or "Liquid Process." Copies are made by transferring dyes from an original copy to blank sheets of paper. The original is a negative made by typing or writing on a sheet of paper backed by carbon paper. The copies are made by moistening the copy sheets with a volatile fluid and bringing them in direct contact—under pressure—with this negative impression. The moisture in the sheet dissolves a small fraction of the dye on the master, resulting in a positive copy. An important feature of this process is the possibility of making repeated use of the master.

The familiar stencil process, of which the mimeograph is an example, is described in the article. It is now possible to turn out striking color reproduction by this method at no additional expense.

The moveable type machine, and the reproduction of color by the use of the office lithography machine are also taken up. *Office Management*, March, 1937, p. 7:4.

Women Are More Adaptable

Women are adapted to a wide variety of jobs. They have no consuming

interest in one job, but just a general desire for something to do.

Another characteristic of women is the fact that they are more likely to be satisfied with their work. Numerous studies have shown that one-third of the men are dissatisfied with their work; however, women are generally satisfied with their occupations as long as they find that working conditions are pleasing. By Donald A. Laird. *Factory Management and Maintenance*, March, 1937, p. 46:1.

Noise—Office Enemy Number One

The increasing seriousness of industrial noise as a drag on efficiency presents a problem to which most business men have paid little attention. Both in the factory and in the office the increasing volume and intensity of sound has reached a point where it ceases to be merely a nuisance and becomes a defi-

nite economic liability. As a result, efficiency has been reduced and production slowed up.

The simplest method of finding out whether an office needs noise quieting is by a measurement with a sound level meter. Once this device has indicated the noise level of the office, it can be compared with the level under normal conditions and the proper type of sound-proofing can be easily determined. When office quieting treatments have been installed and put in use, there will be a decided improvement in efficiency.

Noise is today on every employer's payroll. Much of it can and should be removed. There can be no question that modern office noise is "Public Enemy Number One" from the standpoint of efficiency and employee morale. By John S. Parkinson, Johns-Manville Research Laboratories. *N. O. M. A. Forum*, February, 1937, p. 12:3.

PRODUCTION MANAGEMENT

Industrial Economics: Labor and Capital, Legislation, Wage Theory, Immigration

The Problem of Structure in American Labor

For the first time in the history of the American Federation of Labor, the supremacy of the craft union leaders is being challenged from the inside of the organization. The techniques of amalgamation of craft unions, widening the base of admission and forming departments, have been found inade-

quate to meet the structural problems faced by American unionism in the mass production industries. These methods can be used in those industries where craft division is clear and skill predominates.

The craft unions have not been active in the mass production industries, and their title to these sectors is purely nominal. The workers in the mass pro-

duction industries were aroused to the need of organization by the NRA and the craft unionists immediately demanded that their jurisdictional rights be respected. The unions which supported industrial unionism, after being defeated at the convention of the American Federation of Labor, organized the Committee for Industrial Organization, which is determined to continue an active campaign in the mass production industries, although it has already led to charges of insurrection and suspension. This development threatens a permanent division in the American labor movement. By Philip Taft, *The American Economic Review*, March, 1937, p. 4:13.

Economic Consequences of Lewis

Swift ascendancy of the CIO under the masterful leadership of John L. Lewis is not merely a revival movement in the established pattern of labor unionization—it is a new movement with a new economic philosophy. Its outstanding characteristic is more deeply significant than appears in the surface differences between organization of unions on a vertical rather than a craft basis. It lies in the fact that the new labor leaders claim a vested interest for the worker in the company that employs him, and on this claim demand the right to share with management in determination of policies affecting labor.

The full consequences of this militant crusade are yet to unfold, but it is apparent that it will mean higher industrial costs and acceleration of the demand for labor-saving devices.

Not the least of its implications is that the new movement is advancing the income of union labor at the expense of the white collar and farming classes, who, as consumers, must ultimately carry the higher cost of production. In a measure, then, labor is effectuating a redistribution of the national income. Perry L. TeWalt, *Barron's*, March 8, 1937, p. 3:1.

Sit-Down! Stay-In!

Brevity and spontaneity are two characteristics of a sit-down strike. When a sit-down lasts beyond the limits of a working day it becomes a so-called "stay-in" strike.

It is asserted that nearly all sit-downs have been successful, especially in line industries. The particular appeal which this type of strike holds in the production line industries obviously is due to the fact that it is most effective in tying up production and imposing the will of the employee on the employer. It also appears to thrive best in those departments of an industry where the work is harder, more disagreeable and less well paid than in others. It is strictly a grievance rather than a policy weapon.

The industrial manager is faced with a very real problem in the sit-down strike, but as yet the movement is so new that the legal steps which are available have not been clearly determined. The sit-down strike and the stay-in strike constitute technical illegal trespass and the recourse is limited to a suit for damages.

Injunction proceedings lose much of their potency when employed against

sitters determinedly occupying a plant. The avoidance of destruction is intended to hold public sympathy and there is less likelihood of injunction and more of ultimate victory as long as violence is avoided. By John T. Rutter. *Commerce*, February, 1937, p. 13:4.

Organized Labor Movement, 1929 to 1937—Part 2; Development Within Industrial Groups

Growth and development of the organized labor movement during the period 1929 to 1937 have been particularly pronounced in the newer industries, such as automobile, rubber, and heavy electrical equipment, and, to a lesser degree, among professional groups. Most individual unions in all industry groups gained in membership during that period. *Monthly Labor Review*, February, 1937, p. 292:27.

John L. Lewis' Push to Power

John L. Lewis, his physical appearance, his manner, his background, his work, his ambitions, and his probable destination are discussed in this article.

Recent activities of the C. I. O. have proved Mr. Adamic's near-term predictions in the article—which was written in December, 1936—to have been accurate. The future may well confirm his longer-term prognosis.

A note of foreboding creeps into the final paragraphs of the article. What is the human philosophy into which Mr. Lewis fits his ambitions for an industrial democracy? Definite enough when questioned about the benefits he seeks for labor; when faced with more

fundamental human problems, "the questions of culture, of the individual's creative functioning within an industrial civilization, of essential human happiness, he shrugs his vast shoulders. . . .

"Without wanting to, he is liable to become the leader of a kind of labor fascism whose principal achievement will be that of saving capitalism from itself and pushing the American people deeper into a life based and revolving mostly around narrow materialist and quantitative concepts." By Louis Adamic. *Forum and Century*, March, 1937, p. 131:7.

Collective Agreements in the Petroleum Industry

In the past few years the petroleum industry has shown a marked development in collective bargaining. This development has been due to the renewed activities of the International Association of Oil Field, Gas Well, and Refinery Workers of America. Today approximately 75,000 men work under agreements negotiated by the trade-union, which in some instances supplanted company unions. These agreements are described in the article. Prepared by Helen S. Hoeber. *Monthly Labor Review*, February, 1937, p. 419:10.

Labor Laws in Great Britain

The British Parliament has gone much further than Congress or any of our state legislatures in setting out the relative rights and obligations of the parties to a labor dispute. Acts of Parliament outlaw wholly some types of

strikes, impose numerous penalties, enforceable through criminal prosecution, upon the conduct of labor warfare by prohibited means; deal elaborately with the use of union funds for political purposes; and provide for strict regulation of registered trade unions.

The Trade Disputes and Trade Unions Act of 1927 sought mainly to outlaw secondary strikes undertaken with a political object and to make the furthering of an illegal strike a criminal offense. This article presents a study of the Act as made by the Chamber of Commerce of the United States. *Factory Management and Maintenance*, March, 1937, p. 36:6.

Maritime Labor Treaties of 1936

An eight-hour day for seamen is provided for in the proposed international convention adopted by the maritime sessions of the International Labor Conference in October, 1936. This is in accordance with current practice in the United States, but virtually all seamen in foreign countries, except those of Great Britain, France, and

Russia, have been working twelve hours per day. By Carter Goodrich, United States Labor Commissioner, Geneva, Switzerland. *Monthly Labor Review*, February, 1937, p. 349:7.

The Economics of the Iron and Steel Industry

This article is a résumé of the book, *The Economics of the Iron and Steel Industry*, which was recently released by the McGraw-Hill Book Company and which gives the results of a research investigation on that subject.

The conclusions from this study are sketched in broad outline under the three following heads: Conclusions concerning the Steel Code as an effective instrument for the solution of the problems of the industry and concerning its administration, conclusions pertaining to the price problems of the tonnage steel industry, and conclusions relating to collective bargaining in the industry. By Dr. Ralph J. Watkins, Director of the Bureau of Business Research, University of Pittsburgh. *The Iron Age*, February 18, 1937, p. 32:8.

Training and Education: Schools, Libraries, Employee Publications

Can the Skilled-Labor Shortage Be Relieved?

Big shops, little shops, job bureaus, everywhere, the rising tide of production demand is uncovering a void of skilled labor.

Here are fifteen ways to fill the skilled-labor void: 1. Start full apprenticeship courses to attract the

highest grade of young men. 2. Start short apprenticeship courses to get a quick supply of "specialty trained" young and older men. 3. Hook experienced employees on apprenticeship courses at proper advanced stages to finish in shortest possible time.

4. Enhance the value of outside study by setting up special training for

men who take correspondence, night-school or other self-help courses. 5. Establish yearly schedules for retraining apt and willing men. 6. Help the public schools to set up measures of what to teach, and thus cut time from school or apprenticeship-course durations. 7. Conserve the time of skilled labor by conserving machine set-up time at the possible expense of larger parts inventories.

8. Lessen the need for highly skilled labor by redesigning parts. 9. Save the time of own skilled labor by turning more operations over to outside suppliers of materials and parts. 10. Determine all the capabilities of present skilled labor employed in the shop, by listing various skills of individuals on punched cards or other easily sortable records. 11. Cooperate with competitors to study the problem. 12. Set up intra-industry special trade schools in cooperation with others in the same industry.

13. Borrow men from competitors to meet rush-order jams.

14. Work with the public school systems to solve some of the basic parts of the problem. 15. Train the service men of dealers and distributors to the point where own factory service men can be turned over to production department. By Edwin Laird Cady. *Forbes*, January 15, 1937, p. 14:4.

Detroit Sends Its Foremen to School

Every company is always faced with difficulties through prejudice and lack of cooperation, and in a training program there is opportunity to do some-

thing about it. First of all, it becomes plain that supervisors need to be trained in the cost and human relations aspects of their jobs. One company, with eight conference sections of twenty supervisors each, shuffles the membership at the end of a fixed number of sessions in order that its foremen may become acquainted and interchange information on production problems in the plant. Learning more of the difficulties facing other jobs than his own, the foreman becomes more tolerant and decidedly more understanding.

Voluntary subscription for a course in foreman training is lacking, at least in the larger companies. The attitude generally is that of the president of a corporation having some 3,000 supervisors in conference once each week: "We need it, for it is as important as production and is a requirement of the job." This statement displays a very necessary requisite in the whole training program—the backing and active participation of major management.

Plans are of two major types—the one in which the material to be used in the conference is prepared by some one individual, and the other in which the material is cleared through a key group. In larger corporations, this key group consists of the leading operating executives of individual units. In one company it is composed of a representative from each of the major operating divisions, selected by the general foreman of each division.

Foreman training classes are formed to discuss the subjects which may be brought up by the foremen. One plan

runs classes throughout the year, with Christmas and spring vacations and a month off during the summer. Other plans call for a certain number of set weekly meetings. The conference method, however, seems to be the favorite way of conducting classes. When a key group is provided, conference leaders are selected from its membership to direct the discussion. By C. B. Gordy. *Factory Management and Maintenance*, February, 1937, p. 47:2.

Training of Mill Managers

The character of the training to be given to those engaged in the textile industry was discussed by the British Association of Managers of Textile Works at a meeting held recently in Manchester.

National certificates for textiles have now been established and form one of the important milestones in the development of textile technical education. They were the outcome of cooperation between the Board of Education and the Textile Institute. *Industry Illustrated*, January, 1937, p. 26:1.

How Vicks Trains Future Executives

For the long-pull welfare of a growing company the Vick Chemical Company believes the best insurance is the development of young, vigorous, intelligent, well-trained manpower. Each spring the personnel director and his assistants set out in quest of new graduates from the better colleges and universities.

After the selected candidates have

been graduated from college they spend a month in the New York office studying the products, policies and methods of manufacture, merchandising, and advertising. Following this they are sent on the road for a strenuous year's work calling upon the trade, placing advertising and conducting sampling campaigns. During this time they are given training in various forms of business writing.

The next hurdle is a training course in stenography, which must be completed in four months. They are then brought into the offices of the company and rotated through various departments. They take dictation, sit in on conferences, and undertake various assignments for their temporary principals. After a man has gone through a number of the major departments and phases of the business, he is assigned on a regular job basis to the department and to the type of work for which he has shown the greatest aptitude. By A. T. Preyer, Vice-President. *Executives Service Bulletin*, Metropolitan Life Insurance Company, January, 1937, p. 3:2.

Is There a Shortage of Skilled Labor?

Can a shortage of labor exist while unemployment is still measured by the millions? As industry began to emerge from the depths of the depression, rumors of a skilled labor shortage began to circulate, and in the metal-working industries there has been an increasingly observable insufficiency of trained workers. In other industries there is, as yet, no serious scarcity of skilled la-

bor. Training programs are now getting under way, and if they become general they may prevent a general skilled labor shortage from becoming

too acute. By Harold F. Browne, National Industrial Conference Board. *Supplement to Conference Board Service Letter*, March 18, 1937, p. 27:6.

Shop Methods: Industrial Engineering, Standardization, Waste, Rate Setting, Time and Motion Study

Measured Day Work

Measured day work provides a balanced plan of rating a worker's value by considering four factors. It fixes hourly wage rates by setting uniform base rates by jobs and giving added inducements determined separately for each employee on the basis of his productivity, quality, service, dependability, and versatility—measured over a relatively long period.

In applying measured day work, a basic hourly rate for every occupation is set up and an inducement is determined to be added to every employee's hourly income. Determining the hourly base rate for each occupation can be done on a quantitative basis by evaluating the main characteristics and requirements of each operation. As a rule, the main points to be considered are: mentality necessary, skill required, responsibility involved, mental application required, and working conditions.

A table, which is included in the article, shows how three of the largest plants in the country evaluate their most highly skilled jobs. Each company assigns a certain number of "basic points" to the job. Starting with the basic points, the other points are set in accordance with the six factors enumerated above, and the ratings added.

In a system of measured day work,

the actual production of employees is compared with the standard they should have produced. Where such control is practicable, weekly summations can be drawn up which include waste and quality records. In this way, productivity and quality service can be evaluated.

A questionnaire regarding measured day work, sent out to a number of outstanding industrials, showed that many productive companies are following the plan successfully. By R. H. Rositzke. *Factory Management and Maintenance*, February, 1937, p. 45:2.

Fatigue from the Industrial Point of View

Fatigue from the industrial point of view is an economic loss for both employer and worker. Fatigue has been reduced by the provision of good lighting, adequate ventilation, and scientific movement study. The subdivision of processes and the increasing mechanization of industry have increased the problem of fatigue.

The fatigue of the mental workers of an organization is a heavy tax on efficiency. If the physiologist and psychologist can show ways and means of reducing the fatigue of executives and other "mental workers," every member of the organization will be served. In fact, the reduction of mental

fatigue and strain on the workers throughout industry is one of the most important problems of the future. By G. H. Miles. *The Human Factor*, January, 1937, p. 8:8.

Prevention of Accidents Is Source of Executive Pride

Edward G. Seubert, President of the Standard Oil Company, in a statement issued to the stockholders of the company in December said that this company has had organized accident-prevention effort for nearly 20 years in the refineries and for nearly 10 years in the sales department, with staff men devoting all their time to the study and teaching of the subject, and with committees of employees themselves actively preaching care and encouraging safety-consciousness.

Suggestions from employees, over 90 per cent found practical and adopted, are submitted because the employees are interested in the welfare of all—no financial incentive is offered.

The safety work has paid well. In the manufacturing department the accidents have decreased by 96 per cent. In the sales department they have decreased 80 per cent. Costs of accidents have likewise declined. It pays to pay for safety because safety pays. By H. N. Blakeslee. *American Petroleum Institute Quarterly*, January, 1937, p. 27:1.

A Four-Point Safety Program

The annual cost of industrial accidents in this country, Mr. Long says, is more than \$1,000,000,000. In this article he cites convincing evidence to

show that the size of the accident bill in an individual company is no small factor in determining the difference between solvency and bankruptcy.

Maintaining that safety is management's problem, he proceeds to outline a program of accident prevention covering the following points: (1) Management must adapt the principles of engineering in constructing the necessary safeguards for machinery, in arranging the plant layout; (2) management, through the foremen and other supervisors, must undertake the responsibility of analyzing the various jobs that men are called upon to perform; (3) management's program for accident prevention deals with job training; that is, to use the best and safest method of performing each job as the basis for employee education; and (4) in every employee, from the professional man to the youngest laborer, the company has an investment varying from some \$5,000 down. By John E. Long, Superintendent of Safety, The Delaware and Hudson Railroad Corporation, Albany, N. Y. *Executives Service Bulletin*, March, 1937, p. 3:2.

After Incentives—What?

During the early part of 1936, when the country was experiencing much labor disagreement, weak and incompetent management quickly seized upon the abandonment of incentives as a cure all for its labor ills. Everywhere it was said that opposition to incentives was the root of labor unrest and that incentives had outgrown their usefulness and were to be considered obsolete. In their

stead a controlled day work rate was to be set.

Most of the concerns who are still turning away from incentives are those having low margins of profit. The use of incentives brings satisfactory results and management should regard the possibilities of an all-inclusive incentive plan which embraces all employees, laborers and white collar workers alike.

Incentives can be adapted to all types of well-managed business. A sound incentive plan should be installed by a capable person and should be carried through to practically every department in an organization. Department heads

should give their full support to the plan and should explain its operation and its advantages to their subordinates.

With the commencement of an incentive system, shop procedure should be standardized. The plan should guarantee minimum day-work rates, set up a simple comprehensive control plan for measuring daily accomplishment, and reward employees in direct proportion to increasing effort. By B. M. Sayre, Controller, Vilter Manufacturing Co., Milwaukee, Wisconsin. *N. A. C. A. Bulletin*, January 15, 1937, p. 559:9.

MARKETING MANAGEMENT

Addressograph-Multigraph Manual for Sales and Service Men

"Duties, responsibilities and opportunities of Addressograph-Multigraph sales agents, salesmen, service men and agency employees" is the cover title of this manual. It begins with a "Sales Agents Creed," and goes on to describe the opportunity offered to salesmen in terms of what the company stands for and what it assures its salesmen. Opportunity to receive training; to earn; to express views through a suggestion system; guaranteed territory; promotion and transfers; type of product; type of major users; progressive methods of the company; fixed price policy; are headings in this section.

This is followed by a description of the organization of the company, with

details on the work of the different departments and divisions.

The next section covers in detail the responsibilities of the group in question and the concluding section describes the assistance given the field organization by the company. *Addressograph-Multigraph Corporation*, 1937. 59 pages.

Installment Selling: Boon or Bane

Installment selling has been growing so vigorously in the current recovery—that some government officials are beginning to wonder if this type of credit expansion is going to be a source of trouble later. Both sides of the question are presented in this article.

Mr. Mohrman, member of a New York Stock Exchange firm, sees symptoms of weakness in the expansion of

installment selling that may assume ominous proportions at the top of the current business cycle.

Mr. Ayres, secretary and analyst of the National Association of Sales Finance Companies, admits the extension of installment selling into new fields, but presents arguments to refute the contention that the growth of the business rests on an unsound foundation. By P. C. Mohrman and Milan V. Ayres. *Barron's*, March 29, 1937, p. 13:2.

On Paying Salesmen

Eight more complete compensation plans turned up by *Printers' Ink* study are outlined in this article.

Some companies follow only one compensation plan, whereas others have several systems in effect. In each case, the type of company is mentioned and a description of the plan or plans which they use is given. The advantages and disadvantages of some of these compensation methods are also included with the description of the plan.

Among the plans outlined are: straight salary and expense plans, straight salary plus traveling expenses, straight salary with an expense allowance, straight salary plans, bonus plans, salary plus commission, drawing account and commission. *Printers' Ink*, March 18, 1937, p. 93:6.

Is There a Better Way to Pay Salesmen?

Three methods adopted by many companies to "cut salesmen in" on the profits are given in this article:

1. Each product in the line is

graded according to its profit yield. Each classification gives a different bonus and is listed in the salesman's order book so that at the time he is writing up the order he will make a greater effort to sell those products upon which he will get a higher commission.

2. Salesmen who are required to do things other than selling receive special bonus credit forms, and a system of points is set up covering each activity. At the end of the month, the salesman's bonus is determined by the total number of points he receives, less any penalties incurred.

3. The salesman is paid a base commission on a fixed amount of business called "bogie." The rate of commission on his total volume is increased according to his sales over "bogie." Thus, if his sales are over this amount, he will receive the highest rate of commission on his business. *American Business*, February, 1937, p. 17:1.

Motion Pictures—How We Make and Use Them

The Consolidated Ashcroft Hancock Company, Inc., of Bridgeport, Connecticut, increased its sales of two types of Hancock valves which they featured in a four-reel movie. The author of this article, who is assistant sales manager of the Hancock Valve Division, gives some tips on the use of industrial movies from this successful experience of his company.

An industrial movie, if carefully planned, costs no more to produce than the price of a bleed page plus produc-

tion in industrial trade journals. The making of such a movie breaks down to three divisions: the preparation, the shooting, and the editing.

The first step in the preparation is to determine the story you want to tell. Then you should outline the scenes and action which you feel are necessary to dramatize your story.

In shooting the picture, stick to your story throughout the film and leave out unimportant details that slow down the action of the film. It is best not to take all shots from a conventional angle. The cameraman will help you in planning "trick" shots.

In editing the picture, don't be afraid to cut out the stuff that doesn't actually help to prove the point. The main point is that the picture will put over the story. By Louis H. Brendel. *Industrial Marketing*, February, 1937, p. 21:4.

A "Dependable Advertising" Award Plan

In this article we are given the outline of a plan, inaugurated by one of the member stores of *The Balance Sheet*, to improve its advertising and attract customer interest and traffic.

A study revealed that consumers did not believe the comparative prices quoted in the advertisements to be truthful, wished more detailed description in the ads, and, if there was to be a carrying charge for installment buying, wanted this mentioned in the ad.

By offering an award of five dollars for the apprehension of a misleading or inaccurate statement, customer co-

operation may be gained, the ads read more carefully, and the consumers have a larger degree of confidence in the ads than was formerly the case. Sales should grow. By H. I. Kleinhaus, Editor. *The Balance Sheet*, January, 1937, p. 3:4.

The Aspirin Market Seems Due for a Boom

Although the total recorded sales of used cars during 1936 have reached an all time high and stocks are not alarming at the moment, the trend during 1937 will be towards longer used car terms. For there simply isn't any other way to move the stock without tremendous price cuts while new cars can be bought on two and more years' time. By hook or crook the used cars will be passed along to the consumer—but the set-up will not be a wholesome one from the used-car dealer's standpoint. *Automotive Comment Number 65*, Industrial Bank and Trust Company, St. Louis. February 1, 1937. 3 pages.

The Customer Is Usually Wrong

Most department store returns are not justifiable. Every survey shows that more than half are in no way the stores' fault and over 25 per cent of returns are simply because the customer has changed her mind or because she is taking advantage of an established favor. The Monday following a big football game is a Roman holiday for the return of fur coats. In the pockets may be found cosmetics, handkerchiefs and half-empty bottles of liquor.

The customer is usually wrong, too,

in her complaints against salespeople. The trouble with the whole policy that the customer is always right is that it defeats its own ends. Store A does not gain a single customer by being idiotically lenient with preposterous demands when Store B is doing exactly the same thing.

Reporting habitual returners to a central credit bureau and refusing them credit precisely as if they were bad pay, as is now done in many communities, seems to be a good long step in the right direction. Anywhere but in a very small town, a single department store is helpless to correct this evil. If it discontinued the present policy it would promptly lose its trade. And it is difficult to get merchants to act together.

The solution rests with the customers. If women could learn to shop as men do, they would not only bring sweetness and light into the lives of harassed employees and help solve the traffic problem by eliminating trucks loaded with unloved and unwanted merchandise; they would also benefit the family budget by the decreased operating expenses passed on to them in lowered prices. By Edith M. Stern. *Today*, February 6, 1937, p. 20:2.

The Ten Hidden Losses in Slow Charge Accounts

What are the ten ways in which your slow charge accounts eat into your profits? Here's what happens when you let customers take more than 30 days to pay: 1. You run up your bad debt losses, 2. You increase your bookkeeping and collection costs, 3.

You add to your expense for interest because you tie up more capital in slow accounts, 4. You are frequently unable to take full advantage of cash discounts and of profit-making opportunities, 5. You reduce your capital turnover and your rate of profit.

6. You lose some good business because customers who are allowed to become slow tend to transfer their patronage elsewhere, 7. You are prevented from offering customers a better deal on quality, service, or prices and getting more business, 8. You are often forced to borrow, and slow accounts make it difficult for you to borrow, 9. You accumulate frozen assets and may find yourself lacking in capital, 10. You get into useless and unprofitable competition with other retailers. By Clyde William Phelps, Head of Department of Economics, University of Chattanooga. *Household Finance Corporation*. 35 pages. 1936.

Chain Stores Are an Asset, Say Independent Merchants

When independent retailers of Waltham, Massachusetts, were asked to organize to fight "the menacing octopus of the chain store system," most of them replied that they were not interested.

The chains and the independents have worked together to build up the importance of Waltham as a business center. It is a story of mutual respect and friendship developed through years of mutual striving for a common purpose. The independents believe that the chains have done much to benefit

their work and their shopping district.

Everyone in Waltham knows that the chains are valuable factors in up-building the community. Their presence makes the town a good place to shop, a real live retail center.

The chains taught the independents the value of using sufficient light, of making their stores and their merchandise attractive and of increasing their efficiency. They do not fear competition from the chains because they know they can hold their own. Many of them are much better merchants today because they have learned from the chains. The chains have cooperated with the independents even when that has entailed some difficulty. Every chain that is doing business in Waltham is banking there. Most of their employees live there. They advertise freely in the Waltham papers.

In Waltham the chains and independents are working together to mutual advantage. "A similar condition can be brought about in every city in the country if we forget our moss-grown ideas and realize the importance of fair play." By Frank E. Landau. *Chain Store Age*, December, 1936, p. 114:3.

The Chain Store Outlook for 1937

The chains enter the new year in a sounder position than they have occupied at any time in their history and are in excellent shape to get their fair share of the improved business which everyone expects. Their present strength lies not only in the increased number of stores, volume of sales but

also, and this is of greater significance, in a better understanding on the part of the public of the merits of the chain store system, on the part of the chains of their social responsibility and a greater willingness to live up to it and the chains improved relations with their sources of supply. Good will has been established between the farmer and the chains.

Expenditures for the modernization of the old stores and the opening of new ones affected more than 16% of the units in operation. Most of the chains are planning a continuation of the modernization process in 1937.

The Robinson-Patman Act was supposed to check chain store growth by eliminating certain unfair advantages, available because of their size, and without which it was alleged they could not compete so effectively against the small merchant. The Act has now been in force some six months and chain store stock prices have not only kept pace with the rise in industrial stock but taken as a group have materially exceeded it. The advantages against which the Robinson-Patman Act is aimed do exist but they are not necessary to the chains' success. The Act has even helped in some cases—for example in showing the chains that the advertising allowance was not entirely an unmixed blessing. The curtailment of advertising allowances has imposed no great hurt on the chains but it has had the reverse effect on the voluntary chains.

The Supreme Court at the end of last year handed down decisions invalidating the Iowa chain store tax and

upholding the constitutionality of the Fair Trade Act. These affect the chain stores directly or indirectly.

The chains are ready to perform their essential economic function more efficiently and effectively than before and to reap the just reward to which their legitimate efforts will entitle them. By Godfrey M. Lebhar. *Chain Store Age*, January, 1937, p. 80:5.

Initiative Makes Managers Successful Business Men

Our successful managers are business men—plus being members of a big organization. Under the Kroger plan of field management, with more retailing authority in the store, each manager has the opportunity to prove his ability, to use his initiative in merchandising his store according to local competitive conditions.

In the interest of flexibility and the development of individual initiative, we are constantly trying to give freedom of action and authority to managers, because the success of the company is measured by the successful activities of the managers. Marked progress in any unit can be traced to a loyal, enthusiastic manager who has put his gray matter and energy to work and proved himself a live business man in his community.

The Idea Market conducted for five years by the main office has received thousands of practical operating merchandising suggestions from store managers. The turnover in managers has materially decreased since 1930-32 due, we think, to a more careful selection of men, and above all to the empha-

sis upon individual responsibility with compensating rewards.

The successful store manager is first a salesman and then a business man. He has initiative—and he doesn't need a constant follow-up. Like most successful business men the winning store manager usually has a hobby which widens his interests and helps keep him alert to new ideas. He can often utilize his hobby to help him do better things as a merchant. By Albert H. Morrill, President, The Kroger Grocery & Baking Company, Cincinnati. *Chain Store Age*, January, 1937, p. 16:2.

Price Problems in a Sellers' Market

The three most widely considered factors in business at the close of 1936 were rapidly advancing prices, merchandising shortages, and the demands of labor. Because of the rising market, these conditions are now being watched very carefully.

Price advances upset merchandising plans and should be resisted by business men. Before they are put into effect, we should consider every possible means of holding them down. Right now there is a lot of fencing going on between producers and distributors on this matter of prices. This is a good plan, as a run-away price structure would most certainly check the substantial advances in volume that nearly everyone is enjoying.

As everyone knows, most manufacturing today is done as a result of, and not in anticipation of orders. For this reason the upsurge in retail sales

caught so many manufacturers with more orders than merchandise. It is best to take in a slight amount of overstock and thus be able to cope with the demand which may come unexpectedly. This method will tend to decrease the practice which many buyers use—that of duplicating orders.

Among the problems of labor demands is that of the need for greater incomes for farmers. The policy of subsidizing farmers will cope with this situation and will also increase farm buying power and stimulate business in small cities and towns where farmers trade. By Frank S. Cunningham. *American Business*, February, 1937, p. 13:3.

The Diesel Industry As a Market and a Marketer

This article looks into the Diesel market and its future possibilities. It tells of the marketing methods and ad-

vertising programs of some of the leading companies in this field.

Caterpillar entered the Diesel field in 1931 and is now the largest company in the world building Diesel power. Its advertising and sales promotion activities include several general publications, eighteen new sound films, and Annual Machinery Shows.

Some of the other successful companies in the Diesel field whose methods of industrial marketing are given in this article are: National Supply Company of Delaware, Nordberg Manufacturing Company, The Atlas Imperial Diesel Engine Company, Hercules Motors Corporation, The Western Engine Corporation, and Alis-Chalmers Manufacturing Company.

From these examples the reader can easily see that the opportunities in the Diesel field are so promising that the equipment manufacturers cannot afford to give it small attention. *Industrial Marketing*, February, 1937, p. 15:5.

Books Received

THE BUSINESS LETTER. By Carl A. Naether. D. Appleton-Century Company, New York, 1936. 596 pages. \$3.50. This is a revised and enlarged edition of a standard work on business letter writing. More comprehensive in scope and more modern in treatment than earlier editions, the book covers all phases of present-day business letter writing.

RECIPROCITY. By William S. Culbertson. McGraw-Hill Book Company, New York, 1937. 298 pages. \$3.00. A popular discussion of the reciprocal trade treaties, the book examines the agreements already entered into by the United States, their origin and purpose, their effect on business, what they are expected to accomplish, and why certain business and political groups are opposed to them.

26 LEAD SOLDIERS. By Hartley E. Jackson. Stanford University Press, Stanford University, California, 1937. 214 pages. \$3.00. Exact, definite information is contained in this book on printing types, typesetting and printing processes.

IS IT PEACE? By Graham Hutton. The Macmillan Company, New York, 1937. 364 pages. \$2.50. A concise account of international politics and diplomacy from 1918 to 1936, with special reference to the part Great Britain has played and the immediate outlook for British interests.

107 PRACTICAL METHODS OF MINIMIZING PAYROLL TAXES. By A. H. Berger. Tax Consultants of America, Inc., New York, 1936. 159 pages. \$3.00. A helpful volume offering guidance on social security taxation. It contains chapters on highlights of the Social Security Act, the various conforming State acts, practical methods of minimizing payroll taxes, accounting records and forms, and the Social Security Act itself.

AMERICA'S EXPERIENCE AS A CREDITOR NATION. By John T. Madden, Marcus Nadler and Harry C. Sauvain. Prentice-Hall, Inc., New York, 1937. 333 pages. \$3.50. Explains the economic effects of the post-war foreign lending by the United States. The facts reveal that on the whole the United States did not lose on its foreign investments.

COOPERATION, ITS ESSENCE AND BACKGROUND. By Fletcher Durell. Gazette Print Shop, Cape May Court House, New Jersey, 1936. 79 pages. Outlines the science of cooperation, a general philosophy of life as a background for the science, and the idealism and spiritual values involved.

CONSUMERS' COOPERATIVES. Compiled by Julia E. Johnsen, J. V. Garland and Charles F. Phillips. The H. W. Wilson Company, New York, 1936. 297 pages. 90 cents. Includes general discussion and analysis of consumer cooperatives, and presents affirmative and negative reprints, a comprehensive summary, an up-to-date bibliography, and a summary of the arguments pro and con.

THE NEW PSYCHOLOGY OF SELLING AND ADVERTISING. By Henry C. Link. The Macmillan Company, New York, 1937. 293 pages. \$3.00. Dr. Link looks at business and offers workable ideas, based on practice, for finding out what people will buy.

MAKE A JOB FOR YOURSELF. By Pauline Cleaver. McGraw-Hill Book Company, Inc., New York, 1936. 238 pages. \$2.00. The author suggests new and congenial ways not only of supplementing your present income through spare-time activity, but also of supporting yourself in time of need.

ELEMENTS OF RETAIL SELLING. By Paul H. Nystrom. The Ronald Press Company, New York, 1936. 369 pages. \$2.40. This text presents studies in the order in which most young people make their contacts when beginning work in retail stores. It explains the principles of stock work, store housekeeping and retail selling and service.

GOING TO MAKE A SPEECH? By E. St. Elmo Lewis. The Ronald Press Company, New York, 1936. 359 pages. \$3.00. This book shows the reader the specific things he can do to insure the success of his speech with his particular audience, and how he can get the best results from whatever ability he already has.

ARE YOU A STOCKHOLDER? By Alden Winthrop. Covici, Friede, Inc., New York, 1937. 320 pages. \$2.50. This book is a complete exposure of the practices whereby corporations, tacitly aided and abetted by accountants and auditors, mislead their own stockholders.

THINK FOR YOURSELF. By Robert P. Crawford. McGraw-Hill Book Company, Inc., New York, 1937. 250 pages. \$2.50. Mr. Crawford tells the reader how to think for himself by showing him what the thinking process is, how outstanding success in thinking has been accomplished in the past, what means and procedures to use in thinking creatively and originally.

AN ARITHMETIC OF LIFE INSURANCE. By M. H. LeVita. Life Office Management Association, New York, 1936. 132 pages. \$2.75. This text treats of those phases of the fundamentals of life insurance theory and practice that lend themselves to arithmetical demonstration.

LIFE INSURANCE AGENCY ORGANIZATION. By Lewis B. Hendershot. Life Office Management Association, New York, 1936. 160 pages. \$2.75. The discussion and development of the various subjects in this text are intended to bring together a compilation of available information concerning the broad underlying principles and current practices of effective sales organization and management.

THE SECRETARY-STENOGRAPHER'S DESK BOOK. By William Allan Brooks. National Library Press, New York, 1936. 160 pages. \$1.00. Among other things, this book contains personality hints, efficiency suggestions, rules for punctuation, letter writing, sources of useful information, postal information, and information about publishing, insurance, real estate.

HOW TO BE A SUCCESSFUL SECRETARY. By Louise Hollister Scott. Harper & Brothers, New York, 1937. 245 pages. \$2.50. This book gives a comprehensive study of how the successful secretary handles her duties, contacts, and her own personality in the way best calculated to make her indispensable.

MANAGING PERSONAL FINANCES. By David F. Jordan. Prentice-Hall, Inc., New York, 1936. 426 pages. \$3.00. This book emphasizes the general principles of intelligent spending. It tells exactly what should be done about the management of personal finances, how it should be done, and why.

THE NEW DEAL: AN ANALYSIS AND APPRAISAL. By the Editors of *The Economist*, London. Alfred A. Knopf, New York, 1937. 150 pages. \$1.50. This book discusses concisely the history, aims, and actual accomplishments of Roosevelt's first four years, covering every phase of the subject: the administration's handling of the problems of unemployment, housing, the budget, social security, agriculture, public utilities, industrial planning, etc.

BOOKS ABOUT JOBS. By Willard E. Parker. American Library Association, Chicago, 1936. 402 pages. \$3.00. This bibliography annotates and classifies a selected list of worth-while occupational information which has been published in the United States during the last fifteen years.

THE ROMANCE OF THE CALENDAR. By P. W. Wilson. W. W. Norton & Co., Inc., New York, 1937. 351 pages. \$3.00. In surveying the development and the significance of the calendar as a whole, this book discloses the origins of the calendar from times of remotest antiquity and among peoples of every race, and relates the fluctuations and conflicts that have marked its course.

THREE YEARS OF THE AGRICULTURAL ADJUSTMENT ADMINISTRATION. By Edwin G. Nourse, Joseph S. Davis, and John D. Black. The Brookings Institution, Washington, D. C., 1937. 604 pages. \$3.50. This book presents the authors' general appraisal of results, future trends, and issues of the Agricultural Adjustment Administration.

EFFECTIVE BUSINESS ENGLISH. By Alta Gwinn Saunders. The Macmillan Company, New York, 1936. 614 pages. \$3.00. This revised edition of *Effective Business English* includes changes in the practice of business and business correspondence which have taken place in the last eleven years.

A MANUAL OF STYLE. The University of Chicago Press, Chicago, 1937. 394 pages. \$3.00. This tenth revised edition brings typographical rules up to date. Many specimen pages of new display type faces, ornaments, and symbols have been added.

MANUSCRIPTS AND PROOFS. By John Benbow. Oxford University Press, New York, 1937. 118 pages. \$1.50. This handbook for authors and editors presents in convenient form the rules and conventions which should be observed in preparing a manuscript for press and in handling and reading proofs.

TRANSPORTATION. By William F. Rocheleau. A. Flanagan Company, New York, 1936. 290 pages. This book describes the various forms of travel and transportation and how they bind together the trades and occupations of each community, how they join in commercial bonds and nations mutually dependent upon each other for supplies, how they promote peaceful relations among the peoples of the earth.

ORGANIZATION AND MANAGEMENT IN INDUSTRY AND BUSINESS. By William B. Cornell. The Ronald Press Company, New York, 1936. 802 pages. \$4.50. This revised edition of *Industrial Organisation and Management* incorporates a great deal of valuable information in the fields of business and engineering. It reflects the most recent developments in management.

MAKING LETTERS TALK BUSINESS. Prepared by Sherman Perry. The American Rolling Mill Co., Middletown, Ohio, 1935. 206 pages. This volume has gone through six printings, the last in 1935, and is brought to the attention of *Management Review* readers at this time because of the sheer common sense on business letter writing which fills its pages. Written from the viewpoint of the ARMCO employee, it has many features that are readily adaptable and fit the situations of many other concerns.

Survey of Books For Executives

Managing for Profit. By C. E. Knoeppel and Edgar G. Seybold. McGraw-Hill Book Company, Inc., New York, 1937. 343 pages. \$3.50.

One of the primary reasons for America's industrial leadership of the world is the development of interchangeability in manufacturing. This means that properly planned and tooled production methods can, within very close limits, produce unlimited numbers of parts which will, in turn, fit into finished assemblies with little or no adjustment. All of this has been due to fundamental developments of tools and procedures for setting up and maintaining accuracy. The accuracy of the micrometer has been carried through and enlarged in application until it is a common characteristic of modern machinery, tools, and equipment, and is no longer regarded as a mythical goal to be reached.

Industrial management methods and tools have not kept pace with the mechanical methods and tools in the factory. Some years ago Mr. C. E. Knoeppel wrote a series of magazine articles in *Factory* which described his profit graphs. Many people were of the opinion that his development and procedure in methods of control at

that time were the beginning of the introduction of more accurate tools and methods of profitable management. *Managing For Profit* has carried forward these fundamentals of some years ago into wider applications, coordinating several phases of management into a single result and providing what seems to us to be a carefully and clearly written textbook of procedure for anyone who is seriously interested in this question.

For casual or general reading in this field this book may prove a little tedious and hard to get through. It should be most attractive to those who have the job of developing and installing controls, and, to these people, it will provide not only the carefully demonstrated and proven formulae but the authors' reasoning in arriving at their conclusions.

For those who want some stimulating reading, the first chapter may help them to attain Robert Burns' wish of seeing themselves as others see them.

Some years ago the writer developed a profit graph for the enterprise with which he is connected on the basis of the magazine articles by Mr. Knoeppel, published at that time. After reading this book and having had the experi-

ence of observing through depression conditions as well as recent upturns in business, the reasonable accuracy of this profit control device, we do not hesitate to recommend this book for the study of those interested in improving such techniques as they may now be practicing in this field.

This book passes on to us a wealth of material accumulated in a lifetime of professional and industrial experience and our impression is that the authors have not hesitated to tell us all they know of such practices, even to the extent of outlining those procedures and practices which we might well expect them to reserve for sale as counsellors and professional engineers.

We found particularly interesting those chapters on "Profit-Minded Management," "Working Tools of Profit-Minded Management," "Determining and Relating Profit Trends," "Organizing for Profit Planning and Control," "Variable Budgeting for Profit Control," "Controlling Production to Speed Turn Over," and "Harnessing Human Machinery."

Reviewed by R. F. Whisler, Head Standards Department, National Cash Register Company.

The Problem of Business Failures. By Paul J. FitzPatrick. The Dolphin Press, Philadelphia, 1936. 157 pages.

This book is an analysis of business failures and constitutes a sound exposition of the problem. Chapters include: Factual Status of Business Failures; Transitional Stages of a Busi-

ness Failure; What Is a Business Failure? Brief Survey of the Bankruptcy Situation; Causes of Industrial Enterprises' Failures and Their Remedies; Causes of Retail Stores' Failures and Their Remedies; Certain Social, Economic, and Political Consequences.

The real significance of business failures, the author says, can be judged from the economic losses incurred by our social and economic systems. For the years between 1925-29 these losses, caused by business failures in the United States, are estimated at approximately a billion dollars a year. It has been, of course, greater than that amount since 1929. During the prosperous period of 1922-29 there were about 22,000 insolvencies annually with total liabilities of more than \$500,000,000 per annum. Furthermore, there were more than 215,000 withdrawals, another type of business failure, annually during the same period.

Office Economies. By Eugene J. Bengé. The Ronald Press Company, New York, 1937. 151 pages. \$2.00.

This book offers advice on office economy and takes into consideration operations ranging from the purchase of rubber bands to the training of employees. Each of the volume's fifty sections point out good principles of office practice. Costs of different items are broken down to show what runs into money and what is of relatively small importance.

The author is well known among office executives for his cost reducing abilities. He has been an office man-

ager, personnel director, editor of a page of office tips in a famous business magazine, designer of office systems, and a management engineer for several nationally known concerns.

Mass-Consumption. By Frederick Purdy. The Talisman Press, New York, 1936. 220 pages. \$2.50.

The author describes his scheme for mass consumption as a simple invention—consumer initiated control of production and exchange.

The first elements which are embodied in this system of mass consumption are: Budgeting, according to income, by individuals and families; requisitioning of needs according to the budgets; requisitions to commit wages, outside of pocket money, through a bank, to pay on delivery for the food, clothing, shelter, and property requisitioned, etc.

Individual planning under this scheme would take the place of national planning. "Whereas," points out the author, "producers have projected their programs without knowledge of who will buy, and have been involved in expense to find buyers, now consumers, determining what they will buy, will have no problem in finding producers, and will avoid expense in the operation."

Modern Business Letter Writing.

By Anne Boone. The Ronald Press Company, New York, 1937. 251 pages. \$2.50.

Anyone who really wishes to do so can write good business letters, says the author of this book. Here she

gives instruction in how to use the words and phrases that count; how to make letters sound and concise; how to develop speed in handling. Such specific things are treated as the actual details of sentences, phrases and single words. Important points are stressed in samples of well-planned work and contrasted with faulty correspondence.

Finding Yourself in Your Work.

By Harry Walker Hepner. D. Appleton-Century Company, New York, 1937. 297 pages. \$2.75.

Know thyself, make a plan, and turn it into action. The first of these points is covered by an appeal to psychoanalytical literature and theories. The second point is approached by interesting details on individual case studies. The third point is essentially the moral of the book. An attempt is made throughout the book to apply various findings of psychoanalysis, psychiatry and psychology.

The general tone of the book is difficult to describe. In some sections it is written in an interesting fashion that may appeal to the personnel officer, the executive and to the individual seeking self-guidance. In other sections it is difficult to understand and would require much study. The style of the book is probably most suitable as a text for group discussion and as an aid in vocational counseling rather than a manual for self-guidance.

The general thesis of the book is that progress and success in a career is made by surmounting unusual difficulties, by compensating for handicaps and

by "personality adjustment." "As the author, I hope you will sense that I have a sympathetic kinship with you in your self-study and development. Twenty-one years ago, I myself realized that I was about to graduate from college but that I had not found my vocation. Accordingly, I decided to make my own career in vocational counseling of others."

Overcoming difficulties or vocational adjustment may be made either by a direct attack on the problem, by substitute behavior, by evading the situation, or by retreat and daydreaming. The analysis of such adjustments is somewhat overdrawn and too far from real fact. This section should stimulate thought and emphasize the need for more consideration of one's biographical history in selection of a career and in vocational adjustment.

The book is replete with diagrammatical illustrations, plans, schedules, and some psychological tests which are of more than passing interest. It is questionable as to whether some of the techniques can actually be used and some are ambiguous. A stimulating part of this book is an occupational interest schedule of 166 items based on data from 5,600 men and women.

One part of this book, entitled "Planning for a Happy Career," will be of particular interest to executives, personnel officers and supervisors in business organizations. It may be more aptly included under the title of "Job Satisfaction and Adjustment." Chapter 15, "Employee Plans to Advance," includes practical advice, namely: (1) prove your suggestions sound and

profitable, (2) assist superiors in their advancement, (3) attend some of the conventions of associations that relate to the business, (4) let your study of the industry and the company result in the tangible evidence of your initiative, (5) put yourself in the boss's place, (6) in the long run results count. This is one of the most valuable parts of the book and should be drawn to the attention of many employees in business organizations.

Reviewed by Richard S. Schultz, Psychological Corporation.

Vocational Guidance Throughout the World. By Franklin J. Keller and Morris S. Viteles. W. W. Norton Company, New York, 1937. 575 pages. \$4.00.

Here is an extraordinary book in point of the picture it supplies of vocational guidance activities the world over. From so encyclopedic a study it is somewhat hard to draw conclusions regarding the significance of any trends disclosed, yet one feels the need for more appraisal in relation to so much factual matter. The concluding chapter is good as far as it goes and the statements of criteria on pages 491 and 492 are excellently conceived. Their explicit statement leaves the most casual reader with a large question as to the extent to which practice in this field conforms to the criteria.

One wishes that the authors after their reporting job was completed had turned philosophers more fully and freely.

Reviewed by Ordway Tead, Editor, Business Books, Harper & Brothers.